

AMENDED IN ASSEMBLY AUGUST 18, 2016

AMENDED IN ASSEMBLY JUNE 16, 2016

AMENDED IN SENATE MAY 31, 2016

**SENATE BILL**

**No. 1365**

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**Introduced by Senator Hernandez**  
(Principal coauthor: Assembly Member Bonta)

February 19, 2016

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An act to add Section 1323.1 to the Health and Safety Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1365, as amended, Hernandez. Hospitals.

Under existing law, health facilities, including general acute care hospitals, are licensed and regulated by the State Department of Public Health. Existing law prohibits a health facility from charging, billing, or otherwise soliciting payment from a patient on behalf of, or referring a patient to, another health facility in which the health facility has a significant beneficial interest, except as provided. A violation of these provisions is a crime.

This bill would require a general acute care ~~hospital~~ *hospital, except as specified*, to provide a ~~specified~~ *delineated* notice to each patient scheduled for a service in a hospital-based outpatient clinic, as defined, when that service is available in a nonhospital-based location. By expanding the application of an existing crime, the bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1323.1 is added to the Health and Safety  
2 Code, immediately following Section 1323, to read:

3 1323.1. (a) A general acute care hospital shall notify each  
4 patient scheduled for a service in a hospital-based outpatient clinic  
5 when that service is available in another location that is not  
6 hospital-based. The notification shall be in substantially the  
7 following form:

8 The location where you are being scheduled to receive services  
9 is a hospital-based clinic, and, therefore, may have higher costs.  
10 The same service may be available at another location within our  
11 health system that is not hospital-based, which may cost less. Check  
12 with the [insert name of office] at [insert telephone number] for  
13 another location within our health system, or check with your  
14 health insurance company, for more information about other  
15 locations that may cost less.

16 (b) For purposes of this section, a “hospital-based outpatient  
17 clinic” means a department of a provider, as defined in Section  
18 413.65(a)(2) of Title 42 of the Code of Federal Regulations, that  
19 is not located on the campus of that provider.

20 (c) *This section shall not apply to a general acute care hospital*  
21 *operated by a nonprofit corporation under common control with*  
22 *a nonprofit health care service plan licensed pursuant to the*  
23 *Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2*  
24 *(commencing with Section 1340) of Division 2) that exclusively*  
25 *contracts with no more than two medical groups in the state to*  
26 *provide and arrange for medical services for the enrollees of the*  
27 *health care service plan, so long as the cost-sharing design does*  
28 *not vary based on whether the care is provided in a hospital-based*  
29 *clinic or a medical office building.*

30 SEC. 2. No reimbursement is required by this act pursuant to  
31 Section 6 of Article XIII B of the California Constitution because  
32 the only costs that may be incurred by a local agency or school  
33 district will be incurred because this act creates a new crime or

1   infraction, eliminates a crime or infraction, or changes the penalty  
2   for a crime or infraction, within the meaning of Section 17556 of  
3   the Government Code, or changes the definition of a crime within  
4   the meaning of Section 6 of Article XIII B of the California  
5   Constitution.

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